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CLERK OF DISTRICT COURT
NORTHERN DISTRICT OF OHIO
CLEVELAND

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,)	<u>SUPERSEDING INDICTMENT</u>
)	
Plaintiff,)	CASE NO. 1:08CR081
)	
v.)	JUDGE GAUGHAN
)	
ROBERT RINTOUL,)	Title 18, United States Code, Sections
)	371, 1341, 1347, 1512(b)(3) and 2
Defendant.)	

The Grand Jury charges:

GENERAL ALLEGATIONS

At all times relevant to this Indictment:

The Company

1. Advanced Medical Support Services, Inc. ("AMSS") was a medical supply provider with several departments, including durable medical equipment ("DME"), incorporated in Ohio, and headquartered in Rocky River, Ohio. AMSS maintained a branch office in Buffalo, New York. AMSS supplied DME to individuals who use Transcutaneous Nerve Stimulation (TENS) Units for muscle stimulation and pain relief. TENS Units use electricity to disrupt pain

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signals in muscles and nerves. AMSS supplied the pads that are placed on the body to transmit the electrical signals, the wire connecting the pads to TENS Units, batteries to power the Units, and lotions and other products associated with the Units.

New York State Insurance Regulations

2. New York State Insurance Department Regulations, Part 68, governed the charges for professional health services provided in New York State for No-Fault accidents. Part 68 sets caps on charges which are incurred as a result of injury and which are in excess of basic economic loss. Those caps are determined according to set fee schedules. Providers of health services, such as AMSS, were prohibited from demanding or requesting any payment for services in excess of the permissible charges.

3. In general, Part 68 allowed reimbursement for services, including medical supplies, as follows: a service provider, such as AMSS, was entitled to be reimbursed for equipment as set forth in a fee schedule. If the equipment was not set in a fee schedule, the provider was entitled to 150 percent (150%) of the documented cost of the product (as a result of an arm's length transaction). In other words, if the items were not on a fee schedule, AMSS was entitled to charge 150 percent (150%) of the cost of the product plus shipping charges. The "cost of the product" was measured by the price AMSS paid its wholesale vendors.

Health Care Benefit Programs/HIC Form 1500s

4. "Health care benefit program" is defined in Title 18, United States Code, Section 24(b) as "any public or private plan or contract, affecting commerce, under which any medical benefit, item, or service is provided to any individual, and includes any individual or entity who is providing a medical benefit, item, or service which payment may be made under the plan or

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contract.” State Farm, New York State Insurance Fund, Travelers (fka St. Paul Travelers), One Beacon, New York State Special Funds, EM Risk Management, Gallagher Bassett, and FCS Administrators, among others, were health care benefit programs that conducted business with AMSS. Health care benefit programs require a standard form for use by providers in making claims for payment for services. This form is known as the “Health Insurance Claim Form,” CMS Standard Form 1500 (“HIC Form 1500”). HIC Form 1500 contains areas of information to be completed by providers, such as AMSS, claiming payment for services and requests information, including, among other things, the name of the provider, the name of the beneficiary who received service, the date of service, the diagnosis for such service, and the charges claimed for such service. HIC Form 1500s may be filed electronically by the providers with insurance carriers or sent directly through the U.S. mails.

The Defendant

5. The defendant, ROBERT RINTOUL, was the President of AMSS. RINTOUL worked at AMSS headquarters in Rocky River, Ohio.

Wholesale Vendors

6. MediSource was an AMSS vendor located in Sunbury, Ohio. MediSource is a wholesaler of DME, and a primary provider of DME to AMSS.

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The Fraudulent Scheme and the Conspiracy

7. From in or about late 2001, through on or about April 7, 2005, ROBERT RINTOUL, the defendant, did devise and intend to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises and conspired to do so; that is, ROBERT RINTOUL, the defendant, and others prepared, caused, and allowed fictitious invoices and Form 1500s to be submitted to health care benefit programs in order for AMSS and RINTOUL to receive funds to which they were not entitled and to avoid scrutiny when audited by health care benefit programs.

Fake Invoices

8. It was part of the conspiracy and scheme to defraud that RINTOUL requested, prepared, and received fictitious invoices from MediSource which either falsely stated that AMSS had purchased certain medical equipment from MediSource when, in truth and in fact, AMSS did not, or falsely stated higher purchase prices for items that AMSS did purchase from Medisource when, in truth and in fact, AMSS never paid the prices listed for any of the medical equipment outlined on those MediSource invoices. The purpose of these invoices was to circumvent the New York State insurance regulations placing a cap on reimbursable expenses and for AMSS and RINTOUL to receive funds to which they were not entitled.

9. RINTOUL and AMSS submitted HIC Form 1500s to health care benefit programs that exceeded the permissible reimbursement rates set forth in the New York State Insurance Regulations. When adjustors from the health care benefit programs requested vendor (wholesale) invoices from AMSS to substantiate the HIC Form 1500s submitted, the defendant, RINTOUL, requested fictitious invoices from the President and Founder of MediSource.

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10. In or about early August 2003, AMSS submitted HIC Form 1500s to health care benefit programs that exceeded the reimbursement rates set forth in the New York State Insurance Regulations. Adjustors from the health care benefit programs requested vendor (wholesale) invoices from AMSS to substantiate the HIC Form 1500s submitted. Between in or about August 2003, through in or about April 2005, RINTOUL requested and received from a co-conspirator, the President and Founder of MediSource, fictitious MediSource invoices for products that AMSS had either not purchased from MediSource or did not reflect the accurate purchase price. AMSS and RINTOUL then submitted the false invoices through the mails to the health care benefit programs. AMSS and RINTOUL were paid in full, thereby receiving funds to which they were not entitled. RINTOUL then provided other conspirators with what purported to be invoices from MediSource for products that AMSS had either not purchased from MediSource or did not reflect the accurate purchase price. RINTOUL then submitted the false invoices to the health care benefit programs. AMSS was paid in full, thereby receiving funds to which it was not entitled.

Add-On Form1500s

11. It was part of the conspiracy and scheme to defraud that RINTOUL and others billed for items that the insurance beneficiary had not ordered or been provided. They accomplished this by altering the numbers and amounts from the beneficiary order and delivery form (known internally at AMSS as a Supply Order Form) when transposed onto the HIC Form 1500s which were actually submitted to the health care benefit programs.

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12. For instance, if a beneficiary or his/her insurance company ordered two Reusable Electrodes, two Lead Wires, and two Batteries; the conspirators would prepare fictitious HIC Form 1500s that falsely reflected that the beneficiary had ordered and received six Reusable Electrodes, two Lead Wires, and six Batteries. These fictitious HIC Form 1500s were submitted to the health care benefit programs in order for AMSS and the conspirators to receive funds for products which had not been ordered, sold, or shipped.

“Service Billing”/Form 1500s

13. It was further part of the conspiracy and scheme to defraud that RINTOUL and others billed for products that were never ordered or shipped. Many of these HIC Form 1500s were in the amounts of \$77.75 or \$113.65. A typical three-month supply for a beneficiary was four batteries and four electrodes for their TENS units. These were often shipped on an automatic basis to the beneficiary. If a beneficiary contacted AMSS to inform the company that it no longer needed the products, it was part of the conspiracy that RINTOUL and AMSS continued to bill for the product in order to receive funds to which they were not entitled. In order to avoid scrutiny from the health care benefit programs, AMSS continued to bill in the standard amounts.

COUNT 1

(Fraud Conspiracy)

The Grand Jury further charges:

14. The allegations contained in paragraphs 1 through 13 of the General Allegations of this Indictment are repeated and realleged as if fully set forth herein.

15. Between in or about late 2001, through on or about April 7, 2005, in the Northern District of Ohio, Eastern Division, and elsewhere, the defendant, ROBERT RINTOUL, and

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others knowingly and willfully conspired to commit offenses against the United States, namely: Health Care Fraud, in violation of Title 18, United States Code, Section 1347; Mail Fraud, in violation of Title 18, United States Code, Section 1341; and Wire Fraud, in violation of Title 18, United States Code, Section 1343.

16. In furtherance of the conspiracy and to effect the objects thereof, in the Northern District of Ohio, Eastern Division, and elsewhere, the defendant, ROBERT RINTOUL, and others, committed overt acts which included, but were not limited to, the following:

a. On or about August 19, 2003, the defendant, ROBERT RINTOUL, sent an electronic mail (e-mail) request to a co-conspirator, the President and Founder of MediSource, confirming a conversation about the fictitious invoices; the e-mail stated, in part: "Attached are [files] which are the 'invoices' we talked about. The 'price' column represents the purchase price we need for our documentation. The items highlighted in yellow are the items that we are not currently purchasing thru MediSource thus I was not able to attach a Part# to them...." In response, the co-conspirator prepared fictitious MediSource Invoice # 003022 with a billing date of March 5, 2003, and fictitious MediSource Invoice #003023 with a billing date of June 18, 2002, and sent them to RINTOUL. AMSS and RINTOUL then submitted the false invoices to the health care benefit programs. AMSS and RINTOUL were paid in full, thereby receiving funds to which they were not entitled.

b. On or about March 25, 2004, the defendant, ROBERT RINTOUL, sent an electronic mail (e-mail) request to a co-conspirator, the President and Founder of MediSource, for additional fictitious MediSource invoices which stated, in part: "...in parenthesis is the price I need you to show me on an 'Invoice/Quote' to substantiate our charges to No Fault Carriers."

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The co-conspirator prepared fictitious MediSource Invoice # 003245 and fictitious MediSource Invoice # 003188 in response and sent them to RINTOUL. AMSS and RINTOUL then submitted the false invoices to the health care benefit programs. AMSS and RINTOUL were paid in full, thereby receiving funds to which they were not entitled.

c. On or about May 7, 2004, the defendant, ROBERT RINTOUL, sent an electronic mail (e-mail) request to a co-conspirator, the President and Founder of MediSource, for additional fictitious MediSource invoices which stated, in part: "I rec'd the 'invoices' you made me for the Biofreeze, but we had also discussed you replicating the ones you did last year for electrodes, leadwires, batteries, prep, adhesive remover and anti-irritation cream...and just putting a 2004 service date on them so they are less likely to be scrutinized..." The co-conspirator prepared fictitious MediSource Invoice # 003205 and fictitious MediSource Invoice # 003310 in response and sent it to RINTOUL. AMSS and RINTOUL then submitted the false invoice to the health care benefit programs. AMSS and RINTOUL were paid in full, thereby receiving funds to which they were not entitled.

All in violation of Title 18, United States Code, Section 371.

COUNTS 2-11
(Mail Fraud)

The Grand Jury further charges:

17. The allegations contained in paragraphs 1 through 13 of the General Allegations of this Indictment and paragraph 16 of Count 1 of this Indictment are repeated and realleged as if fully set forth herein.

18. From in or about August 2003, through on or about April 7, 2005, in the Northern

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District of Ohio, Eastern Division, and elsewhere, ROBERT RINTOUL, the defendant, did devise and intend to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises.

19. For the purpose of executing the foregoing scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, ROBERT RINTOUL, the defendant, on or about the dates listed below, did place and cause to be placed in an authorized depository for mail matter a variety of documents to be sent to and from AMSS headquarters in the Northern District of Ohio, Eastern Division, with each mailing constituting a separate count of Mail Fraud including, but not limited to, the following:

COUNT	DATE	DOCUMENT(S)	MAILED FROM	MAILED TO
2	5/9/04	MediSource Invoice #003022 and # 003188	AMSS Rocky River, Ohio	State Farm New York
3	6/11/04	MediSource Invoice #003188	AMSS Rocky River, Ohio	State Farm New York
4	6/19/04	MediSource Invoice #003205	AMSS Rocky River, Ohio	State Farm New York
5	12/6/04	MediSource Invoice #003205	AMSS Rocky River, Ohio	State Farm New York
6	1/28/05	New York State Insurance Fund Check #38207342	New York	AMSS Rocky River, Ohio
7	2/7/05	New York State Insurance Fund Check #38252686	New York	AMSS Rocky River, Ohio
8	2/25/05	Travelers Check#42638031	Georgia	AMSS Rocky River, Ohio

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9	3/6/05	One Beacon Check #SJ11005-6	New York	AMSS Rocky River, Ohio
10	3/10/05	New York State Insurance Fund Check #38421371	New York	AMSS Rocky River, Ohio
11	3/23/05	New York State Insurance Fund Check #38497960	New York	AMSS Rocky River, Ohio

All in violation of Title 18, United States Code, Sections 1341 and 2.

Counts 12-39
(Health Care Fraud)

The Grand Jury Further Charges:

20. The allegations contained in paragraphs 1 through 13 of the General Allegations of this Indictment and paragraph 16 of Count 1 of this Indictment are repeated and realleged as if fully set forth herein.

21. From in or about August 2003, and continuing through on or about April 7, 2005, in the Northern District of Ohio, Eastern Division, and elsewhere, the defendant, ROBERT RINTOUL, knowingly and willfully executed, and attempted to execute, a scheme and artifice to defraud health care benefit programs, and to obtain, by means of the false and fraudulent pretenses, representations and promises described herein, money and property owned by, and under the custody and control of, health care benefit programs.

22. For the purpose of executing, and attempting to execute, the foregoing scheme and artifice to defraud health care benefit programs, and to obtain money and property by means

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of the false and fraudulent pretenses, representations and promises, ROBERT RINTOUL, the defendant, on or about the dates listed below, did submit and cause to be submitted false claims, HIC Form 1500s, for reimbursement with each submission constituting a separate count of Health Care Fraud including, but not limited to, the following:

Count	Date of Claim	Health Care Benefit Program	Beneficiary
12	6/19/04	Travelers	EB
13	9/18/04	Travelers	JB
14	1/17/05	Travelers	LiW
15	1/17/05	Travelers	GV
16	1/17/05	Travelers	LaW
17	1/31/05	Travelers	AS
18	3/7/05	Travelers	JJ
19	3/21/05	Travelers	MJ
20	3/21/05	Travelers	KK
21	2/2/05	Travelers (Constitution State Services)	EK
22	2/14/05	Travelers (Constitution State Service)	EK
23	6/19/04	New York State Insurance Fund	MB
24	8/15/04	New York State Insurance Fund	KB
25	8/22/04	New York State Insurance Fund	MB
26	11/7/04	New York State Insurance Fund	KB
27	12/13/04	New York State Insurance Fund	KB
28	1/17/05	New York State Insurance Fund	RY
29	2/7/05	New York State Insurance Fund	DT
30	2/7/05	New York State Insurance Fund	JY

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31	2/21/05	New York State Insurance Fund	CY
32	7/18/04	One Beacon	VB
33	10/1/04	One Beacon	EM
34	10/17/04	One Beacon	VB
35	12/6/04	One Beacon	MJ
36	1/31/05	One Beacon	MVE
37	2/7/05	One Beacon	DT
38	2/14/05	One Beacon	JVW
39	2/21/05	One Beacon	GZ

All in violation of Title 18, United States Code, Sections 1347 and 2.

COUNT 40
(Witness Tampering)

The Grand Jury further charges:

23. In or about April 2005, in the Northern District of Ohio, Eastern Division, the defendant, ROBERT RINTOUL, did knowingly intimidate, threaten and corruptly persuade and attempt to intimidate, threaten, and corruptly persuade a witness, the Supervisor for Patient Supplies at AMSS, with the intent to prevent the communication to a law enforcement officer of information relating to the commission and possible commission of a federal offense, namely Conspiracy, Mail Fraud and Health Care Fraud.

All in violation of Title 18, United States Code, Section 1512(b)(3).

A TRUE BILL.

Original document -- Signatures on file with the Clerk of Courts, pursuant to the E-Government Act of 2002.